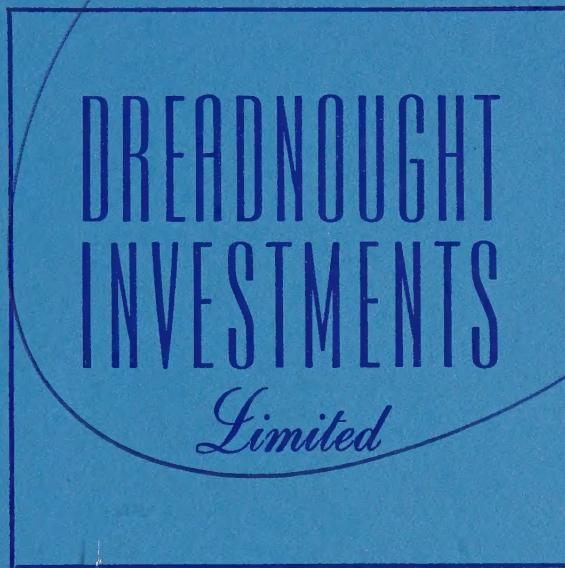


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**ANNUAL REPORT 1969**





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# DREADNOUGHT INVESTMENTS LIMITED

(Incorporated under the laws of the Province of Ontario)

HEAD OFFICE: 918 Main Street East, Hamilton 22, Ontario

## OFFICERS

*President:* GRANT W. PHINNEY

*Vice-President:* STEPHEN M. FLETCHER

*Vice-President:* GEORGE NEALE

*Secretary-Treasurer:* GLADYS M. BRYSON

*Solicitor:*

JAMES D. McKEON OF LANGS, BINKLEY, O'NEAL & McKEON

*Auditor:*

FENTON, SWING & SINNAMON, Chartered Accountants

*Investment Consultants:*  
GRANT W. PHINNEY LIMITED

*Bank:*

THE BANK OF NOVA SCOTIA

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DIRECTORS

FRANK A. COOKE.....	HAMILTON
<i>Assistant General Manager, Hamilton Street Railway</i>	
STEPHEN M. FLETCHER.....	HAMILTON
<i>Manager, Hamilton Branch, Canada Life Assurance Company</i>	
SAMUEL J. HAMILTON.....	GRIMSBY
<i>Buyer, International Harvester Company</i>	
GLADYS M. BRYSON.....	HAMILTON
JAMES D. McKEON.....	HAMILTON
<i>Partner: Langs, Binkley, O'Neal &amp; McKeon</i>	
GRANT W. PHINNEY.....	BURLINGTON
<i>President, Grant W. Phinney Limited</i>	
JAMES L. THOMPSON.....	BURLINGTON
<i>General Manager, Hoffman Bros. Limited</i>	
GEORGE NEALE .....	HAMILTON
<i>A.P.A.</i>	

## PRESIDENT'S REPORT

Your Directors were greatly saddened by the recent loss of our President, Cecil E. Lester. A booster and leader of our Company from the start, he is missed by all who knew him.

On the year, your Company shows a 5% increase in profit, before taxes, of \$20,276.00 compared to \$19,256 for 1968. Our provision for income tax is higher, resulting in a similar net profit as in the previous year.

Part of our mortgage portfolio was sold at a slight discount. This was done to enable us to re-invest at higher rates. We have increased our holdings of commercial real estate by \$183,000. These include our Head Office location on Main Street East, and a desirable property on Ottawa Street North. We expect some increase in the revenue from these properties during the second year of occupancy. We feel they have substantial potential and should increase in value with the growth of the city.

Your Company has acquired a 33 1/3% interest in a construction company. It is too early to project earnings and it is unlikely there will be any dividend income from this source during the next year. We receive a fair interest rate on our money loaned to the Company.

Haticat Holdings Limited have acquired an 8% interest in a Lodge in Northern Ontario. This interest was obtained through making a small loan on which a good return is being received. There is good potential for additional earnings from our equity interest.

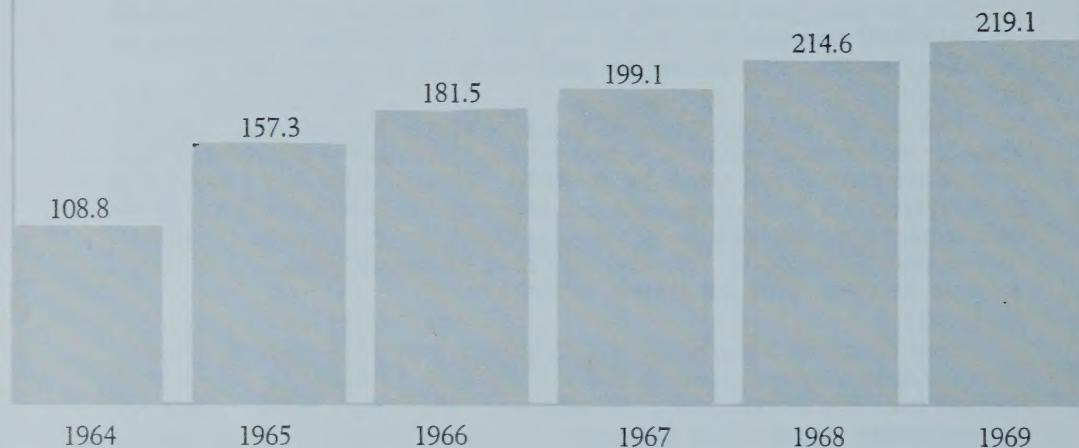
Several apartment building properties are being investigated with the view of making purchases.

The financial report shows our assets have increased from \$358,000 to \$551,000 an increase of \$193,000. It is anticipated that this increase will be exceeded during the coming year. There should be a fairly substantial increase in our net profit. This should come from our income properties. Our mortgage portfolio will be lower but the rate of return higher. Our expenses appear to be stabilizing and should increase at a slower rate than our earnings. We are optimistic that your Company is entering a period of increasing profits which could reach substantial proportions over the next two or three years.

*G. W. Phinney.*  
President.

## PAID-UP CAPITAL

THOUSANDS OF  
DOLLARS



## NET ASSET VALUE PER COMMON SHARE ISSUED

CENTS



## TOTAL ASSETS

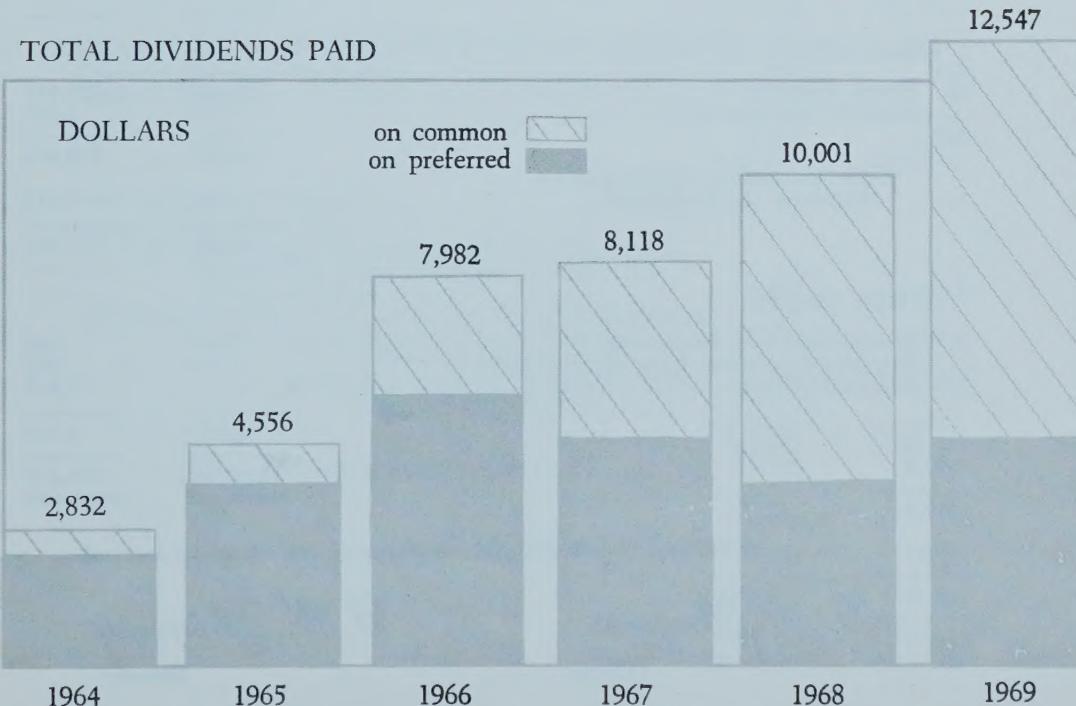
THOUSANDS OF  
DOLLARS



## TOTAL DIVIDENDS PAID

DOLLARS

on common  
on preferred



# DREADNOUGHT IN

AND ITS  
MONTIGA INVESTMENTS LIMITED

## CONSOLIDATED BALANCE S

### ASSETS

	AUGUST 31st	1968	1969
<b>CURRENT ASSETS</b>			
Cash in Bank Accounts.....	9,060	5,513	
Marketable Securities at Cost—(Pledged)..... (Market Value \$12,359)	11,416	12,846	
Accounts Receivable.....	634	475	
Property Held for Resale—At Cost.....	16,188	41,987	
Amount of Investments due within One Year.....	35,375	31,415	
	<hr/> 72,673	<hr/> 92,236	<hr/>
<b>INVESTMENTS</b>			
Notes, Mortgages and Agreements Receivable.....	271,540	252,523	
Less: Amounts due within One Year.....	35,375	31,415	
	<hr/> 236,165	<hr/> 221,108	<hr/>
Less: Provision for Loss.....	6,349	3,576	
	<hr/> 229,816	<hr/> 217,532	<hr/>
Common Shares of Other Corporations (Cost).....	—	41	
	<hr/> 229,816	<hr/> 217,573	<hr/>
<b>FIXED ASSETS—AT COST</b>			
Rental Properties.....	53,478	236,495	
Furniture and Equipment.....	1,207	2,383	
	<hr/> 54,685	<hr/> 238,878	<hr/>
Less: Accumulated Depreciation— Furniture and Equipment.....	551	918	
	<hr/> 54,134	<hr/> 237,960	<hr/>
<b>OTHER ASSETS</b>			
Incorporation Cost Unamortized.....	563	422	
Mortgage Acquisition Costs Unamortized.....	1,612	990	
Deferred Charges.....	—	1,947	
	<hr/> 2,175	<hr/> 3,359	<hr/>
	<hr/> 358,798	<hr/> 551,128	<hr/>

Approved on behalf of the Board

*G. M. Bryson*

Director

*G. W. Phinney*

Director

# STATEMENTS LIMITED

subsidiaries  
AND HATICAT HOLDINGS LIMITED

STATEMENT AS AT AUGUST 31st, 1969

## LIABILITIES AND SHAREHOLDERS' EQUITY

	AUGUST 31st	1968	1969
<b>CURRENT LIABILITIES</b>			
Bank Loans—Secured.....	25,000	44,000	
Accounts Payable and Accrued Expenses.....	4,123	11,101	
Accrued Income Taxes on Earnings.....	632	4,264	
Amount of Deferred Liabilities due within One Year.....	22,158	41,785	
	51,913	101,150	
<b>DEFERRED INCOME—BONUSES ON MORTGAGES.....</b>	<b>25,313</b>		<b>17,025</b>
<b>DEFERRED LIABILITIES</b>			
Provision for Income Taxes.....	764	1,035	
Notes and Mortgages Payable.....	66,791	230,373	
	67,555	231,408	
<i>Less: Amounts due within One Year.....</i>	<i>22,158</i>	<i>41,785</i>	
	45,397	189,623	
<b>HATICAT HOLDINGS LIMITED—</b>			
<b>EQUITY IN EXCESS OF COST OF SHARES.....</b>	<b>558</b>		<b>558</b>
<b>MINORITY INTEREST IN HATICAT HOLDINGS LIMITED</b>			
Common Shares—Fully Paid.....	852	852	
Retained Earnings.....	40	39	
	892	891	
<b>SHAREHOLDERS' EQUITY</b>			
Capital Stock—(See Note 1)			
9,646—6% Cumulative, Redeemable Preference Shares of \$100 Par Value Authorized of which 628 Shares are Issued.....	62,800	62,800	
1,200,000—Common Shares of No Par Value Authorized of which 172,357 Shares are Issued Fully Paid..... (1968—163,915 Shares)	147,942	156,344	
90,000 Shares are Issued Partially Paid.... (1968—98,196 Shares)	98,196	90,000	
	308,938	309,144	
<i>Less: Amounts Unpaid (See Note 2).....</i>	<i>94,287</i>	<i>89,997</i>	
	214,651	219,147	
Retained Earnings—Per Statement on Page No. 8 .....	20,074	22,734	
	234,725	241,881	
	358,798	551,128	

DREADNOUGHT INVESTMENTS LIMITED  
AND ITS SUBSIDIARIES  
MONTIGA INVESTMENTS LIMITED AND  
HATICAT HOLDINGS LIMITED

STATEMENT OF RETAINED EARNINGS  
FOR THE YEAR ENDED AUGUST 31st, 1969

Retained Earnings September 1st, 1968.....	20,074
Net Profit for the Year Ended August 31st, 1969.....	15,207
	_____
	35,281
 <i>Deduct:</i> Amortization of Incorporation Expenses.....	141
Dividends Declared and Paid—	
On 6% Preferred Shares.....	4,710
On Common Shares.....	7,696
	_____
	12,547
 Retained Earnings August 31st, 1969.....	22,734
	_____

*Con cur*

DREADNOUGHT INVESTMENTS LIMITED  
AND ITS SUBSIDIARIES  
MONTIGA INVESTMENTS LIMITED AND  
HATICAT HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS  
FOR THE YEAR ENDED AUGUST 31st, 1969**

(With Comparative Figures for the Year Ended August 31st, 1968)

	<u>1968</u>	<u>1969</u>
<b>GROSS INCOME</b>		
Sale of Properties.....	41,700	57,800
From Rental Properties.....	2,509	15,267
Interest on Mortgages and Agreements.....	22,987	22,957
Mortgage Bonuses Amortized.....	10,423	8,436
Interest and Dividends.....	1,084	1,148
Sale of Securities in Excess of Cost.....	966	2,215
Other Income.....	754	342
	<hr/> 80,423	<hr/> 108,165
<b>EXPENSES</b>		
Cost of Properties Sold.....	39,781	54,370
Operating Expenses.....	21,222	33,153
Depreciation of Equipment.....	164	366
	<hr/> 61,167	<hr/> 87,889
<b>PROFIT BEFORE INCOME TAXES.....</b>	19,256	20,276
Provision for Income Taxes.....	4,002	5,054
	<hr/>	<hr/>
<b>CONSOLIDATED NET PROFIT.....</b>	15,254	15,222
Majority Interest.....	15,233	15,207
Minority Interest (2.95% of the Profit of Haticat Holdings Limited for the Year Ended August 31st, 1969) .....	21	15
	<hr/> 15,254	<hr/> 15,222

DREADNOUGHT INVESTMENTS LIMITED  
AND ITS SUBSIDIARIES  
MONTIGA INVESTMENTS LIMITED AND  
HATICAT HOLDINGS LIMITED

STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED AUGUST 31st, 1969

DREADNOUGHT INVESTMENTS LIMITED  
AND ITS SUBSIDIARIES  
MONTIGA INVESTMENTS LIMITED AND  
HATICAT HOLDINGS LIMITED

NOTES ACCOMPANYING 1969 FINANCIAL STATEMENTS

NOTE 1. Capital Stock issued reflects the following changes during the year:

- (1) 246—Common Shares were issued for a cash consideration of \$206.
- (2) 8,196—Partially Paid Common Shares were fully paid up and now appear as fully paid shares.

NOTE 2. Amounts Unpaid on Common Shares include the following:

- (1) \$89,997 payable over a three year period ending August 31st, 1972 or upon call by the Directors with respect to the issuance of 90,000 Common Shares to the Directors of the Company.

NOTE 3. Dreadnought Investments Limited is contingently liable in the amount of \$39,392 with respect to the unpaid subscription on Common Shares of Haticat Holdings Limited issued in their favour.

November 5th, 1969.

To the Shareholders,  
Dreadnought Investments Limited,  
918 Main Street East,  
Hamilton 22, Ontario.

We have examined the Consolidated Balance Sheet of Dreadnought Investments Limited and its subsidiaries, Montiga Investments Limited and Haticat Holdings Limited as at August 31st, 1969, and the Consolidated Statement of Profit and Loss and Retained Earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, Retained Earnings and accompanying notes present fairly the financial position of the companies as at August 31st, 1969, and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

FENTON, SWING & SINNAMON,  
Chartered Accountants.



